RECIPROCITY WITH CANADA

Review of Treaty of 1854 Which Continued in Effect Until 1866.

Annexation Suggestion — Subsequent Tariff Relations and General Tariff Conditions Discussed Intelligently—Some Present Conditions Predicted.

(The following article was written by J. A. Bolles, editor of the New Milford Gazette, prior to his death several years ago, and was forwarded to the Farmer for publication, but being mislaid now appears in print for the first time.—Ed. Farmer.)

Liberal trade arrangements with Canada were demanded by the Democratic party in the national platform of 1904. A large number of the people of New England, Republicans as well as Democrats, favor such arrangements with our northern neighbor, a fact strikingly exemplified in Massachusetts where the recent Presidential election (1904) resulted in the choice of a Republican for the President of the United States, Roosevelt receiving a plurality of 92,076 over Parker, and at the same time in the triumph of Douglas, the well known shoeman and a Democrat, his plurality over his Republican opponent for Governor being 35,989. The victory of Douglas, under such peculiar circumstances, it is known and admitted, was largely due to his demand for a lower tariff and free raw materials, particularly as regards our trade with Canada. Since the national election the growth of the sentiment in favor of a lower tariff has been marked throughout this country. It is evident that the people will insist upon having it. Either the Republican party must within a reasonable length of time yield to the urgent demand or there will be a political revolution, the Republicans going out of office and the Democratic or some other political party pledged to give tariff reform coming into power. Accordingly, we may expect tariff agitation to occupy a foremost place during the next few years and may look for the people to manifest unusual interest in a subject so intimately connected with their welfare. That portion of the subject which deals with trade arrangements with Canada and, in a lesser degree, with the other British Provinces of North America must, on account of contiguity and the close relations inseparable from it, as well as for other reasons, be of unusual interest to the people of the Eastern States. But the topic is far too broad to receive complete treatment in one article, and in the present paper I merely attempt to set forth in as simple and popular a form as I can important historical facts and pertinent considerations bearing on our commercial relations with Canada.

"The Reciprocity Treaty with Canada of 1854" included in its provisions not only Canada but also the other British American possessions, and was concluded between the United States and Great Britain. It consisted of seven articles which provided for mutual rights of fishing in certain Canadian and American waters, for free interchange of the products of the sea, the soil, the forest and the mine; the treaty also allowed Americans the use of the St. Lawrence river and Canadian canals on the same terms as British subjects enjoyed, and gave to Canadians the right to navigate Lake Michigan.

Th third article of the treaty read as follows;

Article III. It is agreed that the articles enumerated in the schedule hereunto annexed, being the growth and produce of the aforesaid British colonies, or of the United States, shall be admitted into each country respectively free of duty.

SCHEDULE.

Grain, flour and breadstuffs of all kinds.
Animals of all kinds.
Fresh, smoked and salted meats.
Cotton-wool, seeds and vegetables.
Undried fruits, dried fruits.
Fish of all kinds.
Products of fish and all other creatures living in the water.
Poultry, eggs.
Hides, furs, skins or tails, undressed.
Stone or marble, in its crude or unwrought state.
Slate.
Butter, cheese and tallow.
Lard, horns, manures.
Ores of metals of all kinds.
Coal.
Pitch, tar, turpentine, ashes.
Timber and lumber of all kinds round, hewed and sawed, unmanufactured in whole or in part.
Firewood.
Plants, shrubs and trees.
Pelts, wool.
Fish-oil.
Rice, broom-corn and bark.
Gypsum, ground or unground.
Hewn or wrought or unwrought burrs or grindstones.
Dyetsuffs.
Flsx, hemp and tow, unfanufactured; unmanufactured tobacco.
Rags.

The first thing to be noted as to the causes which led to the adoption of the reciprocity treaty is that the desire and the demand for it came from Canada, that province decidedly taking the initiative, while the attitude of the United States was at first indifferent, if not offish. The Canadians were stung by the unjust tariff policy of England toward them and sought relief and additional prosperity by aiming to secure improved trade relations with the United States whose rapid and remarkable advancement in wealth at once excited the envy of and served as a stimulus to the lagging people just north of the great republic. England had imposed on Canada differential duties which discriminated in favor of the former country and against the United States and continued the unpopular policy until 1845 when it was deemed best to placate the people by permitting the Canadian Legislature to regulate its own tariff; and, in the exercise of its new privilege, the provincial Parliament in 1847 abolished the differential duties and admitted imports from the United States on the same terms as from Great Britain. Prominent among the causes that induced the British government to change its attitude on the tariff was fear of the marked tendency in Canada to favor annexation to the United States. Even after the considerable concessions made by England discontent was not entirely allayed, and Lord Elgin, the Governor-General of Canada from 1847-1854, desiring to head off any attempt that might be made to obtain annexation and recognizing that through the acquirement of a reciprocity treaty with the United States he could best suit his purpose, put forth a successful and unflagging effort to negotiate it.

Although the tariff change made by Canada in 1847 placed the United States on an equality with England by lowering the duties on American manufactures from 12½ to 7½ per cent., and by raising those on British manufactures from 5 to 7½, the American people did not appear to recognize that they had gained enough to be actively interested. But the Canadians desired still less limitation on trade and in 1849 their Parliament passed an act providing for reciprocity between the two countries. The attitude of the Americans was different. They raised the objection, afterwards to become stronger, that the markets of Canada were not equivalent to those of the United States and also demanded certain concessions from Canada, particularly that American vessels should be allowed to navigate the St. Lawrence river and the Canadian canals as freely as British subjects were permitted to do. Questions connected with the fisheries on the coasts of British North America could not be ignored. These questions, of course, involved the interests of the maritime provinces much more thon those of Canada proper, and arose from several different ways of interpreting the treaty of 1818. The evidence, indeed, points to the conclusion that the United States wanted various concessions to be granted in return for yielding to Canada's urgent desire for the free admission of certain articles reciprocally. The two countries approached the question of reciprocity from different standpoints, the United States not expecting to gain much from the free exchange of products, certainly not nearly as much as Canada would.

Various reasons can be cited to show why the people of this country were not eager or anxious for a free exchange of raw materials with Canada at the time when there was agitation for the reciprocity treaty which was finally agreed upon in 1854. Prices to the domestic consumer were not then, as in these days of outrageously protected trusts, raised to an abnormal height, or, at least, to a height that could be burdensomely felt. Indeed, high protective duties were not enforced in the existing tariff. Not only were the tariff duties low, from 1846 to the opening of the Civil War, but the commerce of the country was also a great deal smaller in volume, and the need for its extension was much less imperative than at present. Our vest territory possessed great and varied natural resources, and to use them there were, according to the census figures, only 23,191,876 persons in 1850 as against 76,304,799, or more than three times as many in 1900. The people felt that they were independent and self-sufficing At the same time there was little active objection to a free exchange of raw materials under reciprocity because the general tendency of the time was toward lessening restrictions on international trade; as shown in the United States by the adoption of the Walker tariff, which was rather a revenue than a protective tariff; in England by the repeal of the corn laws about 1846; at an earlier period by the organization of the German Zollverein which by means of reciprocal concessions greatly augmented the trade between the German States. The liberal trend notably widened in 1860 when was negotiated an Anglo-French treaty which by means of reciprocity, the removal of not a few duties on exports and imports and of all absolute prohibitions cleared away to a very marked extent commercial barriers standing between England and France. This important treaty was followed by twenty-seven similar treaties in which all of the States of Europe, except Greece, were interested. Even backward Russia caught the spirit of progress and joined in the movement.

"It needs hardly to be said," say Professors Laughlin and Willis in their recently published book, entitled "Reciprocity", "that under these conditions, the prosperity of European trade increased enormously. The commerce of Austria, Belgium, France, Holland, Italy and Great Britain grew between 1860 and 1873 more than 100 per cent., while the trade of the same countries with nations not having reciprocity treaties with them increased, according to Mr. David A. Wells, only about 66 per cent."

The outlook of the world was widening, nations were more and more trading with each other in the natural manner, removing from commerce those shackles on liberty which in many different and unjust ways have ever tended to retard the progress of true civilization. Great, indeed, had been the advance from the ignorant, narrow policy of the middle ages when restrictions on the freedom of trade were even enforced between the districts of the same country; from the early period when in France and in other northern countries of Europe the levying of the odious octroi was prevalent, it being a toll or tax upon articles that passed the entrance of a town; from the English tariffs which were prohibitory before the reign of Queen Elizabeth. Nothing promotes better conditions between countries than mutually beneficial and friendly commercial conditions long continued.

But, alas, the barbaric and selfish impulses of mankind were destined to be aroused from slumber. The unfortunate frictions which caused the Civil War in the United States and the Franco-Prussian war in Europe brought about great and adverse changes. Herbert Spencer has clearly shown in his "Principles of Sociology" that "the governmental-military organization of a society is initiated by, and evolves along with, the warfare between societies." Under such conditions aggressions and infliction of injuries are not alone felt by the outward enemy. The effect is reactive. Within the society defended by large armies the militant tendency grows, although in a milder form. Greater and sterner restrictions are placed upon the personal liberty of the citizen than when there is no war. For instance, he must express opinions and guide his actions in conformity with the controlling feeling of the people or he will meet with the fate of the Tories during the Revolutionary War or endure indignities and losses as did the loyal Unionists who lived in our Southern States at the time of the rebellion. He will have to pay higher taxes for the sake of carrying on a war that he may believe to be unjust. Extra revenues must be raised to meet heavy expenses of feeding, clothing and equipping large bodies of soldiers in the field. Abnormal duties will be placed on imports. Internal revenue taxes may likewise be levied on bank checks, matches and other things suited to the purpose. Then, after the fighting is over and the need for raising large sums of money is greatly diminished, changes like those which were made after our Civil War may be expected. The burdens on excises will be to a great extent removed but the high tariff on imports will be retained or only a little lessened through the influence of manufacturers who by means of this tariff have been enabled to raise prices to domestic consumers to an abnormal extent and who desire to continue advantages unnecessary and unjust in times of peace. The manufacturers conceal their selfish purpose under the false and hypocritical plea that they are so full of solicitude for their workmen that they favor the excessive duties in order that they may be able to pay their employes high wages, ignoring the fact that such wages chiefly depend upon the efficiency of the hired toiler and the demand for labor. The people in general, benumbed by the militant influences that have taken from them the appreciation of individual liberty and the keen zest for it that they possessed in the preceding peaceful era, are skillfully guided into the wrong way of thinking and are actually made to believe that a tariff once acknowledged to be for revenue only should be retained solely or principally for the protection and coddling of home industries.

The wars which I have mentioned rudely interrupted the strong and wide movement toward greater freedom in international trade and substituted the high tariffs and high tariff tendencies which are the rule rather than the exception at the present day. Big standing armies and high tariffs are two of the leading burdens under which Europe now groans. The baneful effect of the militant influences on the Reciprocity Treaty with Canada of 1854 will soon be pointed out.

I have endeavored briefly to show what were the conditions preceding and to a certain connected extent following the adoption of the Reciprocity Treaty and the causes which led to its negotiation. It is not necessary to weary the reader with a minute account of the legislative and diplomatic steps that were taken to bring the proceedings to a close. Suffice it here to say that finally under the direction of the English government a party, comprising Lord Elgin, Mr. Francis Hincks, then prime minister of Canada, Captain Hamilton, A. D. C., and Lawrence Oliphant, private secretary of Lord Elgin, left England, were joined by Colonel Bruce and one or two Canadians at New York, and thence proceeded to Washington where by means of skillful diplomacy, some of it, according to certain writers, not being above reproach, they overcame the opposition of the Democratic majority in the Senate and successfully paved the way for the adoption of the treaty. It was approved by President Pierce on August 5th, 1854, and following his proclamation promulgating the treaty on March 16, 1855, it went into effect.

WORKING OF THE TREATY.

The treaty continued in operation for eleven years and two months, or until May 17, 1866. Had the trial of the treaty been made under normal or nearly normal conditions we could judge of its merits much better than it is possible to judge of them under the abnormal, even violently disturbing conditions that existed during the major part of the period. The crisis or "panic" of 1857 unsettled business to a marked extent in the United States and to some extent in Canada, but was fortunately not long in duration. "In the inquiries which were made as to the causes of the crisis," writes Prof. William G. Sumner, "the state of the currency was generally recognized as the root of the trouble." It is clear that the crisis rudely interrupted an encouraging growth in trade between the United States and the British provinces in the first years of the treaty, both imports and exports falling off largely in 1857 and 1858, particularly in the latter year, followed in 1859 by a noteworthy bound toward improved conditions. But the business crisis was merely like a thunder shower which makes big commotion, then quickly passes away, leaving a landscape flooded with sunlight and full of promise. Far more serious was the effect of the Civil War of 1861-65, and we should also allow for the effect of the troublesome agitations that led up to it, agitations developed from the increasing hostility between the North and the South on account of the slavery question.

The most important deduction to be soundly made from the statistics covering the working of the treaty is that under the favorable years of the treaty, I meaging by favorable years those which were not disturbed by the business crisis and actual warfare, there was a marked increase in the trade between the two countries; and it seems safe to conclude that a large part of this increase, at least, was due to the direct effect of the treaty itself. (For an exhaustive presentation and discussion of the relevant statistics, see the valuable pamphlet entitled "The Reciprocity Treaty with Canada of 1854," written by Frederick E. Haynes, Ph. D., and published by the American Economic Association.)

Concerning the working of the treaty during its latter years I may fittingly quote from the already mentioned book of Laughlin and Willis as follows:

"During the war, of course, when the productive power of our own country was curtailed, we naturally looked to Canada for supplies, and 1860 and 1861 were the only years in which our imports from that country exceeded our exports during the life of the treaty, until just at the time the agreement was about to close. Recovery had already begun before the end of the Civil War, and 1864 might be considered a more normal year. Then, with the general recognition of the fact that the treaty was practically certain to be abrogated, came a great rush to bring quantities of Canadian goods over the border before the duties again became effective. This movement accounts for the abnormal increase in imports in 1865, and particularly in 1866, which fell off as sharply in 1867. During the four years after the termination of the treaty—1867-1870—trade continued on a lower but fairly normal level, and the close of the period shows a marked tendency to an increase in both exports and imports."

It may be said that the reciprocity treaty was popular in Canada throughout its life, certainly there was little, if any, noteworthy opposition to it, and the dissatisfaction that brought about its abrogation was on the part of the United States. At first the treaty was favorably regarded by the people of both countries. The idea was also prevalent among us that the treaty would pave the way toward a closer bond of union with Canada, one writer expressing himself as follows:

"A people so identified (with us), it is argued, cannot long remain politically separated, but must be united by annexation. Events will probably justify this last line of reasoning. But whenever annexation comes, be it sooner or later, the operation of the treaty will make it, beyond all doubt, a peaceful, amicable, and altogether salutary transition."

But following the crisis of 1857 dissatisfaction began and increased in the United States in various ways which influenced not a few to entertain the notion that Canada was gaining under the treaty advantages a good deal greater than we obtained. There is an unlikeness between the inhabitants of different countries, even when they speak the same language and are of the same ethnical stock, which predisposes them to be jealous and suspicious in their mutual dealings. Their governments, their interests, their points of view, their ways of doing things are sufficiently divergent to make the cementing of close and quite friendly relations more or less slow and difficult. Wide prejudice still exists against a foreigner just because he is a foreigner and because his interests are supposed to be opposed to ours, and, it must be recollected, this prejudice, founded in ignorance and nourished by ignorance, was once very strong, not comparatively mild, as it is in this day of enlightenment when a population more heterogenous than formerly, due to the emigration of people from many countries, occupies the United States and when a greater and more intimate relationship with other nations exists because of wonderfully changed conditions with which every moderately informed person is well acquainted. The felling toward England had not been improved by two wars with her, that of the Revolution and that of 1812, and Canada as a dependence of Great Britain had to share in any dislike that might be manifested toward the English.

The evidence points to the conclusion that the causes for dissatisfaction were not sufficient to sustain the claim that Canada derived far more benefit from the treaty than did the United States, and the notion that she did may be regarded as an exaggeration largely traceable to the prejudice against foreigners and to the selfish attitude of certain interests which are wont to argue that anything interfering with their profits must be prejudicial to the country in general although, in reality, the welfare of the country and especially of its consumers may be greatly promoted. Everybody is a consumer, and yet, in tariff matters, the immense interests of millions of consumers are commonly relegated to the background while in the foreground great stress is laid on the claim that a certain industry or a few industries will be harmed or benefited if duties are made different than they are now. Certainly the reciprocity treaty with Canada was helpful to the great majority of American consumers, but consumers are seldom adequately represented at hearings given by Congressional committees. They are customarily too inert to make their wishes forcibly felt, although they may realize that they have much at stake.

The leading and strongest objection made by the opponents of the treaty was to the so-called "violation of the spirit of the treaty," on the part of Canada, because she increased her tariff on products of the United States not included in the reciprocity provisions of the treaty, mostly manufactured products, of course. It must be confessed that it was natural that Canada's course in this respect should irritate the Americans. It needs but a moment to conclude that our manufacturing industries as a whole must have been much superior to those of Canada, and no doubt our manufacturers anticipated the development of a most excellent and profitable trade with Canada under duties no higher than were imposed at the beginning of the treaty. But Canada raised duties on imports through her tariff of 1858 and it was done for the sake of making important internal improvements that were considered necessary or very desirable for the development of the resources of the provinces. Canals and railroads were built and improvements were also made in canals and in the navigation of the St. Lawrence river. Mr. Frederick E. Haynes takes the ground that the object of these works was as much political as commercial, "the desire of the Canadian statesmen having been to consolidate the separate provinces and by an increase in the material wealth of the people to remove all discontent, which from the situation of the country, so easily developed into a desire for annexation to the United States." Mr. Haynes points out that to obtain the large revenues needed for the improvements increase of taxation was essential, and that the easier method seemed to be to raise the tariff. "This," he adds, "could not be done in the case of those articles included in the treaty, but could be done in the case of manufactured goods. This was done, and then arose the grievance of which the Americans so bitterly complained. From year to year, as greater revenue was required, a higher tariff was imposed to the increasing disgust of the American manufacturer."

In this connection it is important to consider some things contained in a report, dated May, 1860, and made by John W. Taylor to the Secretary of the Treasury of the United States. In this report Mr. Taylor seems to have taken a broad and unprejudiced view, favoring Canada to an extent that could hardly have been expected. He compared at length the American tariffs of 1846 and 1857 with the Canadian tariff of 1858 and found that Canada had done nothing more than to bring her duties up so as to approach an equality with ours. Mr. Taylor even claimed that the demand that Canada should put her duties back to where they were when the reciprocity treaty was ratified or endure the abrogation of the treaty itself, bordered on arrogance in view of the fact that the duties imposed under the tariff of 1857 were at least 25 per cent. higher than the corresponding rates of the Canadian tariff. Referring to the pamphlet of Mr. Haynes again, I find that he admits that the complaint of the Americans might have had a doubtful justification before the outbreak of the Civil War, while the tariff of 1857 was in force, but he adds: "It could have none at all after the war tariffs came into existence. Even under the tariff of 1857 the tariff rate of the United States upon cotton and woolen goods was 24 per cent., 4 per cent. higher than the Canadian duty under the tariff of 1859."

But such facts as have just been cited had to contend with popular prejudice and the self-interest of producers and we all know that a biased mind seeks to justify itself rather than to learn the truth against which, indeed, it often steels itself with a pertinacity that would be astonishing, were we not aware that men are governed far more by strong feelings engendered by prejudice than they are by rationality.

But the commercial and economical objections to the treaty—that to which I have made reference and others that either were advanced or may have been advanced—were not the direct and predominating cause of the abrogation of the treaty. Indeed, it may well be doubted whether these objections alone, untrammeled by the complications leading to and following the opening of the Civil War, would have ended the efforts to promote reciprocal trade between the two countries. I write advisedly: for, in spite of the more or less dissatisfaction here and there, there was a strong sentiment in the United States which favored the continuance of liberal trade arrangements with Canada. This sentiment was unmistakably shown in a convention held at Detroit, July 11-14, 1865. The convention was composed of prominent business men and others representing the leading commercial bodies of the United States and the British North American provinces and came "to substantial unanimity, and they united in urging upon the government at Washington the great importance of immediately opening negotiations with the British government for a new arrangement, at the least as liberal on both sides as the one about to expire had been, and as much broader as should appear practicable. Their action was approved by every Board of Trade and Chamber of Commerce in the country taking any interest in the matter; it was disapproved, so far as we ever heard, by none."

Certainly the business interests in a broad sense put themselves on record as desirous that reciprocity with Canada should be continued in some form; but the unhappy political influences of the time were sufficient to override wise utilitarian considerations, and were the direct cause of the abrogation of the treaty as is freely acknowledged by all writers on the subject whom I have consulted. One of them, Goldwin Smith, the famous historian, has expressed himself as follows:

"To the anger which the behavior of a party in England had excited in America Canada owes the loss of the reciprocity treaty. * * * * If Great Britain can, with justice, say that she has paid heavily for the defense of Canada, Canada can with equal justice reply that she has paid heavily in the way of commercial sacrifice for the policy of Great Britain."

I have already mentioned the hindrance to enlightened and friendly relations between the inhabitants of different countries which springs from the instinctive and unreasonable prejudice against a foreigner simply because he is a foreigner. If the effect of this prejudice was seen in our commercial relations with Canada to some extent, as has been pointed out, much more was it apparent in the political complications which arose between England and the United States at the time of the Civil War and in which Canada was involved as a third party whose political affiliations, of course, drew her to Great Britain but whose commercial interests, on the other hand, urgently demanded maintenance of friendly relations with the great country lying just south of her. Canada may indeed be regarded as the unfortunate victim of circumstances which she was helpless to control. She wanted the treaty continued, for, after the year's notice of its termination had been given by the United States, the Canadians sent a delegation to this country for the purpose of securing an extension of the treaty, if possible. The delegates arrived in Washington on January 24, 1866, and remained until February 6th. But their efforts were in vain.

I gather from the evidence that both England and the United States were much swayed by prejudice and by refusal to investigate the facts. The United States could point to serious grievances such as those connected with the depredations of the "Alabama" and other Confederate cruisers that had been built in English ports and allowed to escape from them. On the other hand, the evidence is conclusive that the United States offended by assuming at the beginning of the war that the interests of England must be with the South or the Confederate States because the British were large consumers of cotton. Nevertheless, although it is a fact little known in this country, the general editorial tone of the British press at the time was that of sympathy toward the North and of condemnation of the course of the Southern States. (For detailed proof of what I have asserted, I refer the reader to the chapter entitled "Perverted History" in "Facts and Comments," a book written by Herbert Spencer.)

On the whole it is reasonable to conclude that the working of the reciprocity treaty was more beneficial to this country than otherwise and that its abrogation, forced by political complications, was unfortunate. It is to be regretted that the treaty could not have been given a good, thorough trial under normal conditions. As it was, its operation was greatly disturbed by untoward and unusual circumstances and was not extended far enough under normal and favorable conditions for a clear and satisfactory demonstration of what it could do.

SINCE THE ABROGATION OF THE TREATY.

Within a year we have heard a good deal said about the advisability of trying to negotiate another reciprocity treaty with Canada and the subject promises to become one of paramount importance, at least in New England; but for many years after the abrogation of the treaty there was little to encourage the hope that liberal trade arrangements with Canada would be resumed. To be sure, there were made toward them numerous attempts, emanating chiefly from the Canadians and finally to some extent from the United States; but these attempts, not being backed by a powerful public sentiment, attracted very little attention and soon languished or became abortive.

In the winter of 1897, the year in which the present highly protective Dingley tariff was adopted, the Canadians made their last serious effort to bring about a treaty of reciprocity with the United States. From "The Cyclopedic Review of Current History," Vol. VII, 1897, pages 174-175, under the head "The Dominion Parliament," I quote as follows:

"The liberal hopes for a treaty of reciprocity with the United States on the basis of mutual concessions have been for the present abandoned. The tendency of fiscal policy in the United States, as embodied in the Dingley bill, promises no relief to Canadian trade. Consequently the remissions to be made in Canadian rates will be granted as far as possible to goods of which the principal import is from Great Britain. Canada will look elsewhere than across her southern border for a

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Sun rises tomorrow	6:39 a. m.
Sun sets today	6:15 p. m.
High water	6:28 a. m.
Low water	12:59 p. m.
Moon sets	2:56 a. m.